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DUNS: 01-196-4582
CARTER DAY INDUSTRIES, INC

DATE PRINTED
SEP 13 1989

SUMMARY
RATING 3A3

500 73RD AVE NE
AND BRANCH(ES) OR DIVISION(S)
MINNEAPOLIS MN 55432
TEL: 612 571-1000

MFG EQUIPMENT USED
TO SIZE & SEPARATE
DRY GRANULAR
PARTICULATE PRODUCT

SIC NOS.
35 23 50 83

STARTED 1984
PAYMENTS SEE BELOW
SALES F \$27,434,000
WORTH F \$1,101,000
EMPLOYS 300(60 HERE)
HISTORY BUSINESS
FINANCING SECURED
CONDITION FAIR
TREND STEADY

CHIEF EXECUTIVE: PAUL W ERNST, PRES-CEO

PAYMENTS (Amounts may be rounded to nearest figure in prescribed ranges)

REPORTED	PAYING RECORD	HIGH CREDIT	NOW OWES	PAST DUE	SELLING TERMS	LAST SALE WITHIN
03/89	Slow 60	100000	100000	50000	N30	
01/89	Slow 5 (003)	250	-0-	-0-	N15	
09/88	Slow 30	25000			N30	

* Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

* Each experience shown represents a separate account reported by a supplier. Updated trade experiences replace those previously reported.

STATEMENT UPDATE

07/17/89 IN THE INTEREST OF SPEED, SUPPLEMENTAL FINANCIAL STATEMENTS ARE ISSUED AS RECEIVED WITHOUT REVIEW. THE FIGURES WILL BE REVIEWED AGAINST THE RATING AT A SUBSEQUENT DATE.

Fiscal Consolidated statement dated MAR 31 1989:

Cash	\$	117,000	Accts Pay	\$	1,649,000
Accts Rec		3,569,000	Accruals		2,474,000
Inventory		3,371,000	Loans & Adv-Princ		2,028,000
Other Recs		771,000			
Assets held for Sale		418,000			
Other Curr Assets		1,056,000			
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Curr Assets		9,302,000	Curr Liabs		6,151,000
Fixed Assets		1,679,000	L.T. Liab-Other		4,452,000
Notes Rec		723,000	PREFERRED STOCK		190,000

2

COMMON STOCK	200,000
ADDIT. PD.-IN CAP	899,000
RETAINED EARNINGS	(188,000)

Total Assets	11,704,000	Total	11,704,000
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From APR 01 1988 to MAR 31 1989 annual sales \$27,434,000; cost of goods sold \$20,062,000. Gross profit \$7,372,000; operating expenses \$8,138,000. Operating income (766,000); other income \$499,000; other expenses \$723,000; net income before taxes (990,000); (net loss) \$990,000.

Statement obtained from Securities and Exchange Commission.
Prepared from statement(s) by Accountant: Ernst & Whinney.

ACCOUNTANTS OPINION: "A review of the accountant's opinion indicates the financial statements meet generally accepted accounting principles and that the audit contains no qualifications".

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Fixed assets shown net less \$4,605,000 depreciation.

FINANCE

A CONSULTING SERVICE IS AVAILABLE TO ASSIST YOU IN REVIEWING THIS ACCOUNT FURTHER. PLEASE CALL (800) 223 - 0141 TO SPEAK WITH A DUNS ACCOUNT CONSULTANT.

05/15/89

	Fiscal Consolidated Mar 31 1986	Fiscal Consolidated Mar 31 1987	Fiscal Consolidated Mar 31 1988
Curr Assets	18,876,000	18,636,000	10,845,000
Curr Liabs	16,967,000	13,063,000	5,044,000
Current Ratio	1.11	1.43	2.15
Net Working Capital	1,909,000	5,573,000	5,801,000
Other Assets	7,706,000	2,480,000	2,650,000
Deferred Liabs	10,616,000	5,404,000	4,892,000
Worth	(1,001,000)	2,649,000	3,559,000
Sales	46,539,000	21,914,000	26,422,000
Net Income (Loss)	(1,586,000)	3,577,000	953,000

Fiscal Consolidated statement dated MAR 31 1988:

Cash	\$ 980,000	Accts Pay	\$ 1,469,000
Accts Rec	3,774,000	Notes Pay	941,000
Inventory	4,243,000	Accruals	2,555,000
Note Rec (1 Yr)	250,000	L.T. Liab-(1yr)	79,000
Other Curr Assets	1,598,000		

Curr Assets	10,845,000	Curr Liabs	5,044,000
Fixt & Equip	1,722,000	Long-Term Debt	4,892,000
Note Rec	928,000	PREFERRED STOCK	8,239,000
Other Assets	204,000	COMMON STOCK	115,000
		ADDIT. PD.-IN CAP	101,078,000
		FOREIGN CURRENCY	
		TRANSLATIONS	(176,000)
		RETAINED EARNINGS	(105,493,000)

Total Assets	13,699,000	Total	13,699,000
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From APR 01 1987 to MAR 31 1988 sales \$26,422,000; cost of goods sold \$17,854,000. Gross profit \$8,568,000; operating expenses \$8,043,000. Operating income \$525,000; other income

\$410,000; other expenses \$343,000; net income before taxes \$592,000. Net income \$953,000. Income from discontinued operations \$361,000. Retained earnings at start (\$106,436,000). Net income \$953,000; dividends \$0; other deductions \$10,000; retained earnings at end (\$105,493,000).

Prepared from statement(s) by Accountant: Ernst & Whinney.

ACCOUNTANTS OPINION: "A review of the accountant's opinion indicates that the financial statements meet generally accepted accounting principles and the audit contains no qualifications".

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Item worth shown in summary section was computed after deduction of intangibles, deferred costs, totaling \$204,000. Accounts receivable shown net less \$110,000 allowance. Fixed assets shown net less \$4,559,000 depreciation. Inventories: Inventories are stated at the lower of cost (principally first-in, first-out method) or market.

Other current assets consist of miscellaneous items, primarily prepaid expenses and cash and investments held as collateral for letters of credit. Other assets consist of deferred costs.

Notes payable: Advances from secured lenders at Mar 31 1988 included the following: Carter-Day and Carter Day International \$805,000; Carter Day Canada \$1,608,000. Total \$2,413,000, less current portion \$1,472,000. Total \$941,000.

The company's subsidiaries have lines of credit which permit them to borrow up to \$5,000,000 in the United States and \$2,185,000 in Canada at interest rates of 2 3/4% and 1%, respectively over the prime rate, which was 8 1/2% and 9 3/4%, respectively, at Mar 31 1988.

Advances against the lines are restricted to certain percentages of eligible accounts receivable and inventories of the respective borrower, plus a term loan base of \$80,000 in the United States. At Mar 31 1988 there was \$584,000 available under the United States line for additional advances and \$1,700,000 available under the Canadian line for additional advances.

Cash and investments totaling \$685,000 are held in trust as collateral for letters of credit issued by the Canadian lender. In addition, Carter Day Canada has a term loan of \$1,608,000 at an interest rate of 2% over the lending institutions average cost of short-term funds. Such costs of funds at Mar 31 1988 was 8.91%. The term loan is payable in monthly installments of \$11,300 plus accrued interest to Mar 1993, when the balance of \$939,000 is due.

The secured lenders' agreements are collateralized by virtually all real, personal and intangible assets of the borrowers and specify various covenants as to minimum net worth, working capital and intercompany transfer of funds, all of which have been met. The net assets of these subsidiaries that are restricted by the above agreements aggregate approximately \$4,483,000.

Equity increased in 1987 through retained earnings of \$3,577,000 and foreign currency translation adjustments of \$73,000.

In 1988, equity increased through retained earnings of \$953,000 and foreign currency translation adjustment of \$161,000.

Working capital increased in 1987 as depreciation and the increase in equity exceeded reduction in long-term debt. In 1988 working capital increased as the increase in equity exceeded capital

outlays and the reduction in long-term debt.

Commitments and contingencies: The company has been notified by the U S Environmental Protection Agency ("EPA"), joined by certain state environmental agencies, that it, along with numerous others, is a potentially responsible party ("RPR") under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and similar state laws for moneys expended or to be expended to clean up certain landfills.

Recapitalization: In Nov 1987, the company reached an agreement in principle to sell as much as 49 percent of its common shares to an investment group led by Wilmer J Thomas, Jr. Substantative amendments have since been proposed and discussions are continuing.

If consummated, the agreement will likely involve, in addition to issuance of common shares to the Thomas group and the company's president, a restructuring of outstanding preferred shares, letter of credit financing available to the company, and partial acceleration of installment note obligations.

The company has already accelerated two installment note payments, through Jul 1 1989, aggregating \$1,620,231 and at Mar 31 1988 has incurred and recorded as a deferred cost \$204,000 of legal expenses attributable to this transaction, of which \$125,000 has been paid directly to the installment note holders.

Definitive documents have not yet been agreed to by the parties and the transaction may never materialize.

On MAY 15 1989 Larry Christiansen, controller, referred to the above figures.

He submitted the following interim figures dated SEP 30 1988:

Cash	\$	917,000	Accts Pay	\$	1,343,000
Accts Rec		4,062,000	Owe Bank		1,530,000
Mdse		4,282,000			

Sales for 1988 were \$26,422,000.

PUBLIC FILINGS

UCC FILINGS

05/15/89 Financing Statement Amendment #1189441 filed 10-31-88 with Secretary, State of MN. Amendment original filing # 793032 filed 01-21-85. Debtor: CARTER DAY INDUSTRIES, INC, FRIDLEY, MN. Secured Party: FIDELCOR BUSINESS CREDIT CORP, NEW YORK, NY. Collateral: unspecified.

05/15/89 Financing Statement Amendment #1189440 filed 10-31-88 with Secretary, State of MN. Amendment original filing # 866407 filed 02-03-86. Debtor: CARTER DAY INDUSTRIES, INC, MINNEAPOLIS, MN. Secured Party: FIDELCOR BUSINESS CREDIT CORP, NEW YORK, NY. Collateral: unspecified.

05/15/89 On May 23 1988 financing statement #1149021 was filed with the MN Sec of St listing Carter Day Industries, Inc, Minneapolis, MN, as debtor and Toronto-Dominion Bank, The, Winnipeg, Manitoba, as secured party. Listing collateral as each and every right of the debtor to the payment of money by Simon-Day Ltd., whether such rights to payment now exists or hereafter arise, including proceeds and products.

On May 23 1988 financing statement #1149022 was filed with the MN

Sec of St listing Carter Day Industries, Inc, Minneapolis, MN, as debtor and Toronto-Dominion Bank, The, Winnipeg, Maitoba, as secured party. Listing collateral as each and every right of the debtor to the payment of money by Simon-Day Ltd., whether such rights to payment now exist or hereafter arise, including proceeds and products.

On May 23 1988 financing statement #1149023 was filed with the MN Sec of St listing Carter Day Industries, Inc, Minneapolis, MN, as debtor and Toronto-Dominion Bank, The, Winnipeg, Manitoba, as secured party. Listing collateral as each and every right of the debtor to the payment of money by Simon-Day Ltd., whether such rights to payment now exist or hereafter arise, including proceeds and products.

The public record items reported above under "PUBLIC FILINGS" and "UCC FILINGS" may have been paid, terminated, vacated or released prior to the date this report was printed.

BANKING

05/89

Account(s) averages moderate 6 figures. Account open 1-3 years. Loans granted to moderate 6 figures.

04/89

Account(s) averages moderate 6 figures. Loans granted to moderate 6 figures. Overall relations are satisfactory.

HISTORY

05/15/89

PAUL W ERNST, PRES-CEO+

DIRECTOR(S): The officers identified by (+) and Kenneth R Cole Jr, Max R Spencer and Jack Yogman.

Incorporated New York 21 1959. Authorized capital consists of 45,000,000 shares common stock, \$.01 par value.

Also 160,000 Series A convertible preferred stock, no par value.

Business started 1953 by Robert M Beninsson as a proprietorship. Present control succeeded Jan 31 1984. Business relocated Jun 1985 to Charleston, SC and moved back to Minneapolis, MN in Jul 1987.

The company became a public corporation in 1959. On Jan 31 1984, as a result of the emergence from Chapter 11 reorganization, approximately 90% of the stock is now held by former secured institutional creditors and 10% by approximately 50 other former creditors.

As of Jun 24 1987 the owners of five percent or more of the outstanding common stock and the percentage each owns is as follows: Teachers Insurance and Annuity Association of America - 20.7%. The Equitable Life Assurance Society of the United States - 11.9%. Bank of America National Trust and Savings Association - 11.8%. Bank of Montreal, New York Branch - 10.5%. Bayerische Vereinsbank AG (Union Bank of Bavaria), New York Branch - 7.9%. Continental Illinois National Bank and Trust Company of Chicago - 7.2%. New England Mutual Life Insurance Company - 4.5%. Occidental Resource Recovery Systems, Inc - 9.9%.

Preferred stock: On Aug 27 1985, at a special meeting of the shareholders, the company's shareholders approved a proposal to authorize a class of 230,000 shares of preferred stock, issuable in series, establish a series of 160,000 shares of preferred stock designated as Series A preferred stock and increase the authorized shares of common stock to 45,000,000.

As a part of such proposal, the shareholders also approved an

6
exchange agreement between the company and the holders of the installment obligation promissory notes involving the issuance of 126,466 of Series A preferred stock in exchange for \$20,835,000 of the \$27,046,000 in face amount of notes outstanding. The Series A preferred stock was recorded at its fair value as determined by an independent investment banker. This transaction resulted in an extraordinary gain of \$2,880,000 (no income tax effect).

The 126,466 shares of Series A preferred stock are convertible at the option of the holder into an aggregate of 18,969,899 shares of common stock. All shares of the Series A preferred stock will be automatically converted into common stock if two-thirds of the then outstanding shares are voted in favor of the conversion, or if at any time funds amounting to not less than \$15,000,000 are advanced to the company for purposes other than refinancing existing indebtedness.

In the event of liquidation or dissolution of the company, the holders of the Series A preferred stock are entitled to a preferential amount of \$165 per share, plus all unpaid dividends, before any distributions can be made to the holders of the common stock. Cumulative cash dividends accrue at an annual rate of \$6.00 per share, beginning Apr 1 1987.

Common stock: In Apr and Dec 1985 and Mar 1988, the company issued 39,018, 1,263,225 and 233,624 shares, respectively, of common stock to secured and unsecured creditors pursuant to the plan. At Mar 31 1988, 18,986 shares of common stock remain to be distributed upon final determination of allowed claims. The portion of these shares not issued to unsecured claimants will be distributed to the holders of the company's Installment Obligation Promissory Notes.

In Nov 1987, the company obtained the consent to redeem its contingent earnings certificates identified as Funds Available to Creditors ("FATC") from the holders of approximately 69% of the aggregate dollar amount of such certificates which represent 100% of those holders actually voting. The company proposed, and the holders accepted, a redemption price of one common share for each \$10 of outstanding contingent payments. The total redemption price is 960,000 shares which were recorded at \$.01 par value. Shares issued and issuable under this redemption are presented as outstanding.

PAUL W ERNST born 1939 married. Graduated in 1964 from the University of North Dakota with a degree in accounting. He is a certified public accountant. 1962-65 employed by Western Electric Co, New York, NY. 1966-74 employed by Coopers & Lybrand, CPA's, Minneapolis, MN, and Chicago, IL. 1975-80 Economics Laboratories, St Paul, MN. 1981-84 employed by Medtronic Corporation, Minneapolis, MN. Appointed to this position in Jul 1984.

DIRECTORS:

KENNETH R COLE JR, is managing director of Arran Capital Corporation.

MAX R SPENCER, is a Vice President at Continental Grain Company

JACK YOGMAN, is associated in Coulse, Rodman & Renshaw Capital Group, Inc.

Carter Day Industries, Inc (formerly Combustion Equipment Associates, Inc), New York, NY filed a petition for arrangement under Chapter 11 of the Bankruptcy Act in the Southern District of New York, NY on Oct 20 1980. Assets were listed at \$94,338,995 and liabilities

were \$136,649,000. Two of its subsidiaries, Hart-Carter Company Inc. and Siemon Manufacturing also filed. The court confirmed the amended Joint Plan of Reorganization by order dated Dec 21 1983 and the plan was consummated on Jan 31 1984.

OPERATION

05/15/89

Through its subsidiaries, this company manufactures equipment used to size and separate dry granular particulate product (primarily seed, grain and plastic pellets) (85%) and wholesales this equipment internationally (15%).

Terms are net 30 days. Has 10,000 accounts. Sells to grain and food processing industries. Territory : International (Exports 15% on Letter of Credit).

Nonseasonal.

EMPLOYEES: 300 including officers. 60 employed here.

FACILITIES: Occupies 22,000 sq. ft. in 1 story brick building in good condition. Shares premises with subsidiaries.

LOCATION: Suburban business section on main street.

SUBSIDIARIES: This company has 1 direct and 3 indirect wholly-owned subsidiaries.

HART-CARTER COMPANY (INC), Minneapolis, MN. Assumed control in 1973. Is a holding company and, through its subsidiaries, manufactures grain and seed handling equipment. Had a consolidated net worth of \$4,483,000 and sales of \$26,422,000 at Mar 31 1988. A fair condition was reported.

Hart-Carter Company (Inc) has three wholly owned subsidiaries:.

(A) CARTER-DAY COMPANY, (INC), Minneapolis, MN. Manufactures grain and seed handling equipment. Had a net worth of \$1,952,000 and sales of \$10,234,000 at Mar 31 1988. A fair condition was reported.

(B) CARTER DAY INDUSTRIES (CANADA) LTD, Canada. Assumed control in 1973. This company's operations are the same as Carter-Day Company Inc. Had a net worth of \$2,351,000 and sales of \$12,854,000 at Mar 31 1988.

(C) CARTER-DAY INTERNATIONAL, INC, Minneapolis, MN. Chartered in 1973, it operates as an international sales and service group. Had a net worth of \$366,000 and sales of \$3,334,000 at Mar 31 1988. A good condition was reported.

There are numerous intercompany transfers, merchandise transactions, services, advances and some guarantees.

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Norwest Bank, 8th & Marquette, Minneapolis, MN

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